

Devolution and Health System Performance: Catalonia in Descentralised Spain

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[Organisation]

- Catalan health system as a front runner and its effect on Policy Innovation
- Has decentralisation increased regional inequalities
- Has decentralization lead to an expansion of self-reported satisfaction with the health system?
 - Spanish Devolution is relevant due to significant political decentralization of the health system
 - Identification Decentralisation followed a different pace among regions

[Motivation (1)]

- The evaluation of the performance of institutions and institutional reform is at the for front of the public economics debate.
- Self-reported satisfaction with one particular institution stands as way to examine the extent to which institutional changes are perceived as influencing certain health system policy dimensions, primarily **non clinical outcomes**.
- Devolution structures open the possibility of divergence, but does it translates into better self reported satisfaction?

[Motivation (2)]

- Devolution is argued to:
 - Increase local knowledge
 - Provide flexibility to tailor policy to local needs and preferences
 - To satisfy demand for political autonomy
- But still limited evidence has been shown on the effects on satisfaction
- There is evidence on the effects on other outcomes: equity and efficiency

[Institutional Setting (I)]

- Progressive transfer of political power to region states
 - only two regions have full fiscal responsibilities: Navarra and the Basque Country
- Affects mainly health and social care as well as education
- Began in 1980 with devolution to Catalonia and was completed in 2002 with the total transfer of health care responsibilities to all 17 autonomous communities

[Institutional Setting (II)]

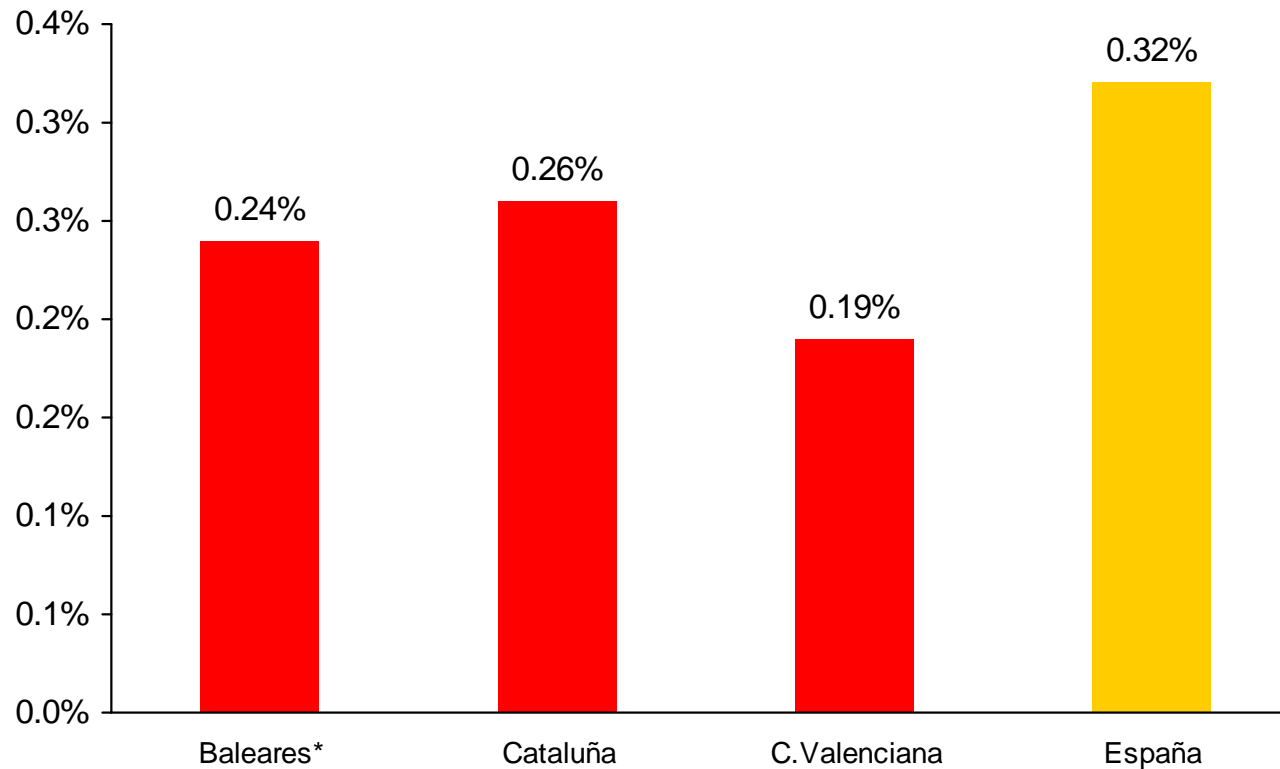
- Two regions so called “foral “ autonomous communities have full **fiscal responsibilities**
 - And negotiate yearly and agreement with the central government
- The rest of 15 regions are part of a general system where the central state collects almost 90% of the existing taxes so **decentralisation is mainly political**
- Expenditure distribution is done using **block transfers** that account for population, insularity and redistribution

[Competitive Descentralisation]

Experience	Description
Catalonia and Basque Country trial to safeguard their constitutionally recognised autonomy in 1984	Catalonia and Basque country sent the central state to trial to defend their own responsibilities, thus avoiding re-possession.
Primary Care reform in Catalonia and Galicia in 1990	Those areas where the private primary care was significant refused at the first instance to access the central state mandate.
Refusal of Andalucia to adjust to the negative lists of pharmaceuticals in 1998	Andalucia refused to reduce the health care package as stated by the central state

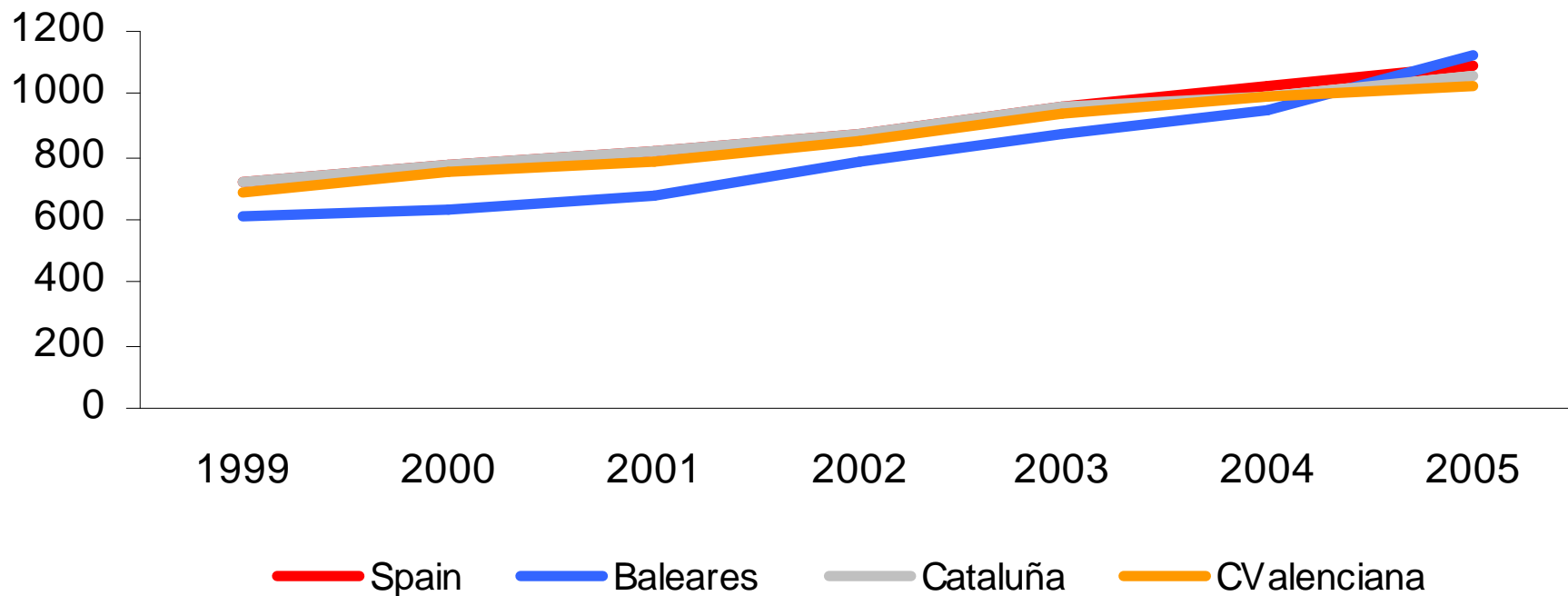
Spending sources:

Social services spending, % of GDP

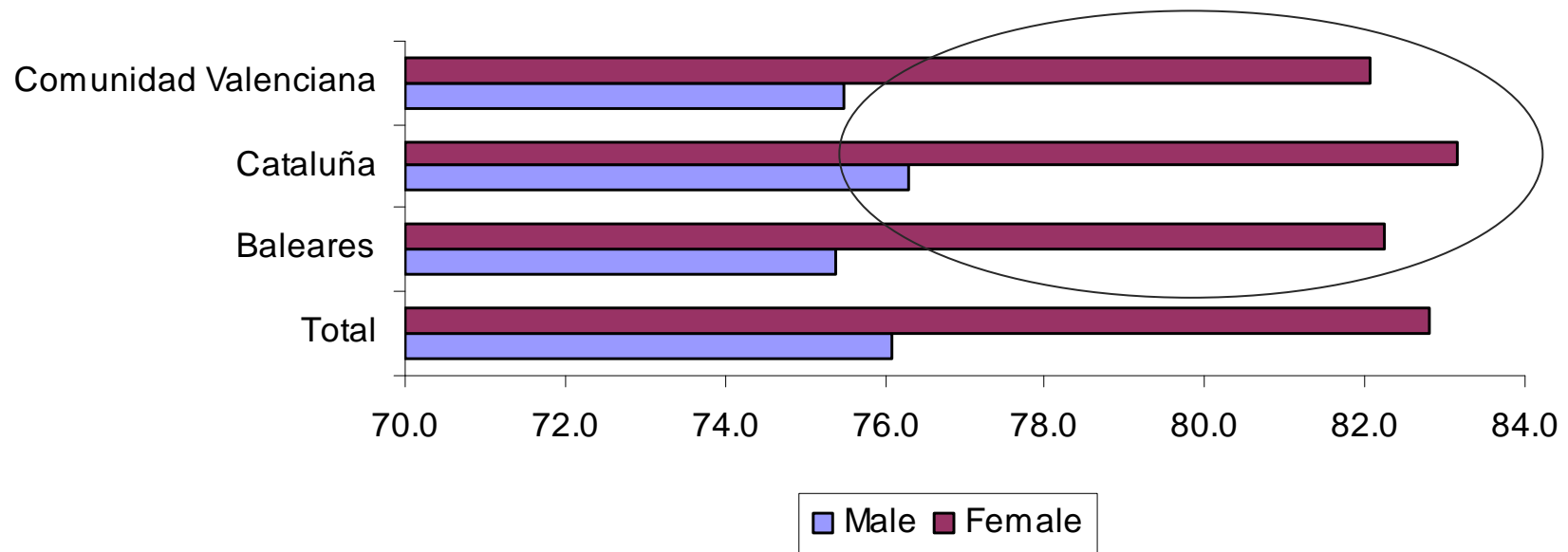


Health Care Spending

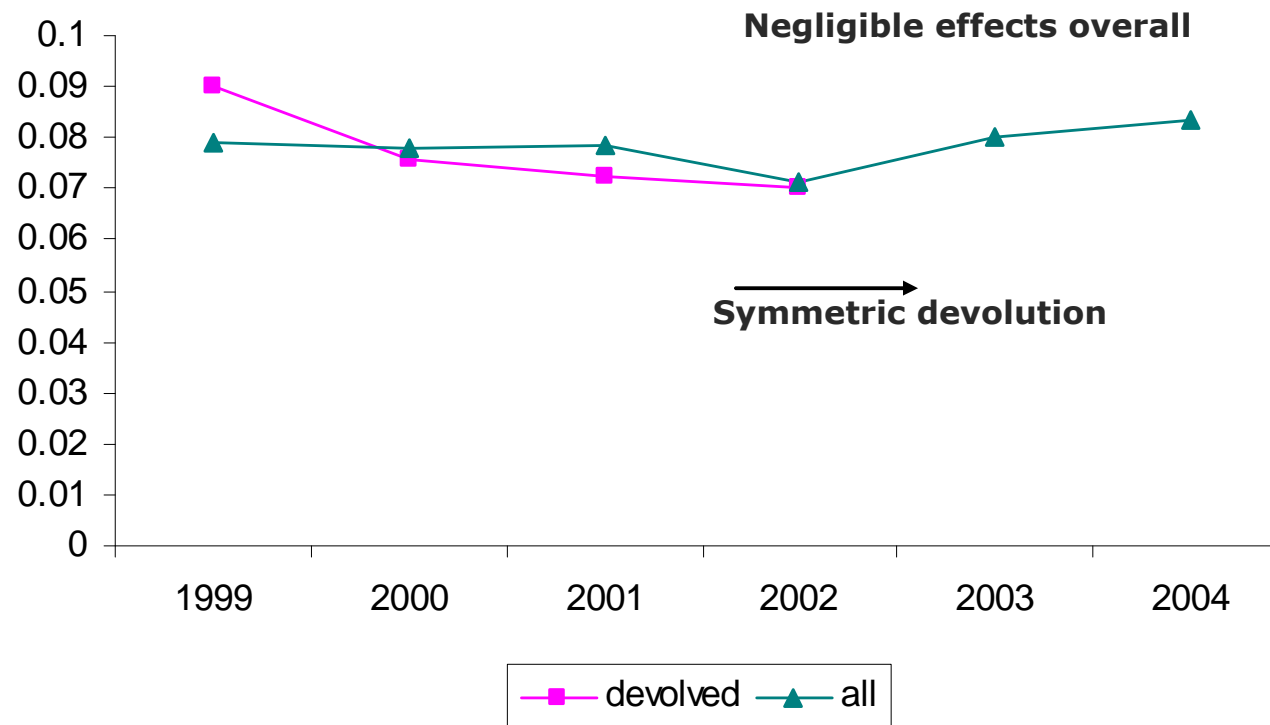
Catching up in Health expenditures in the Med Arc



[Life Expectancy]



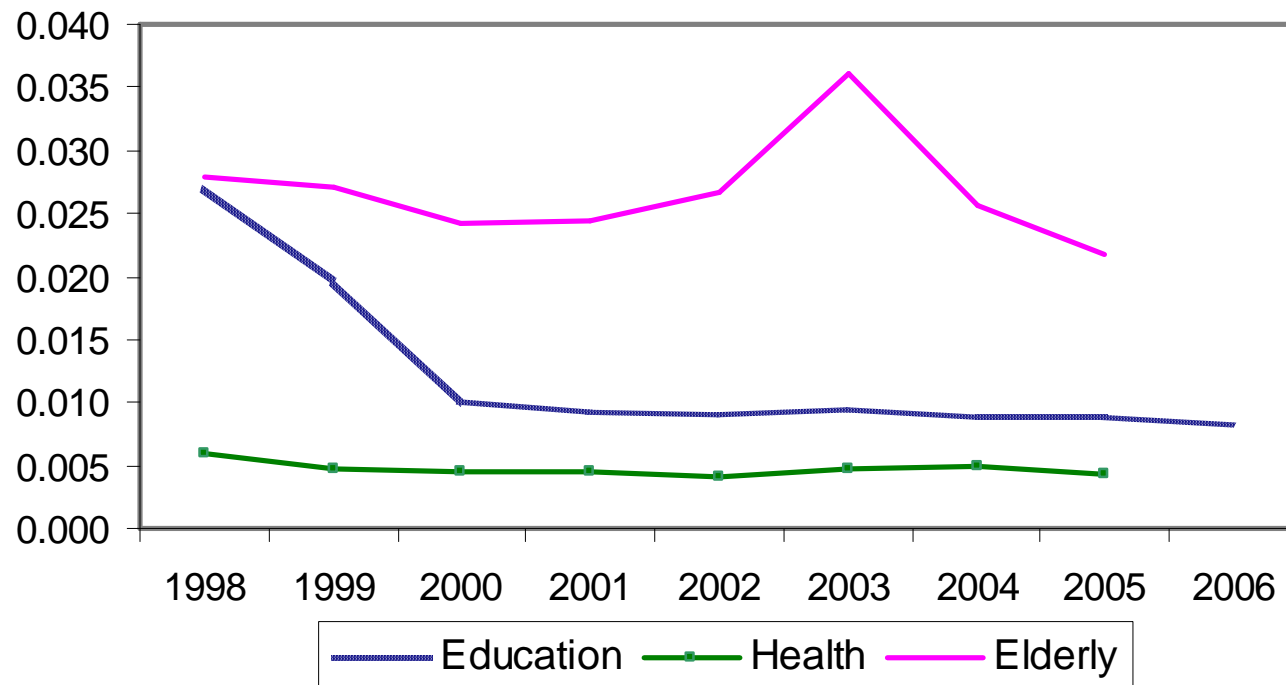
[Effects on Interregional Equity]



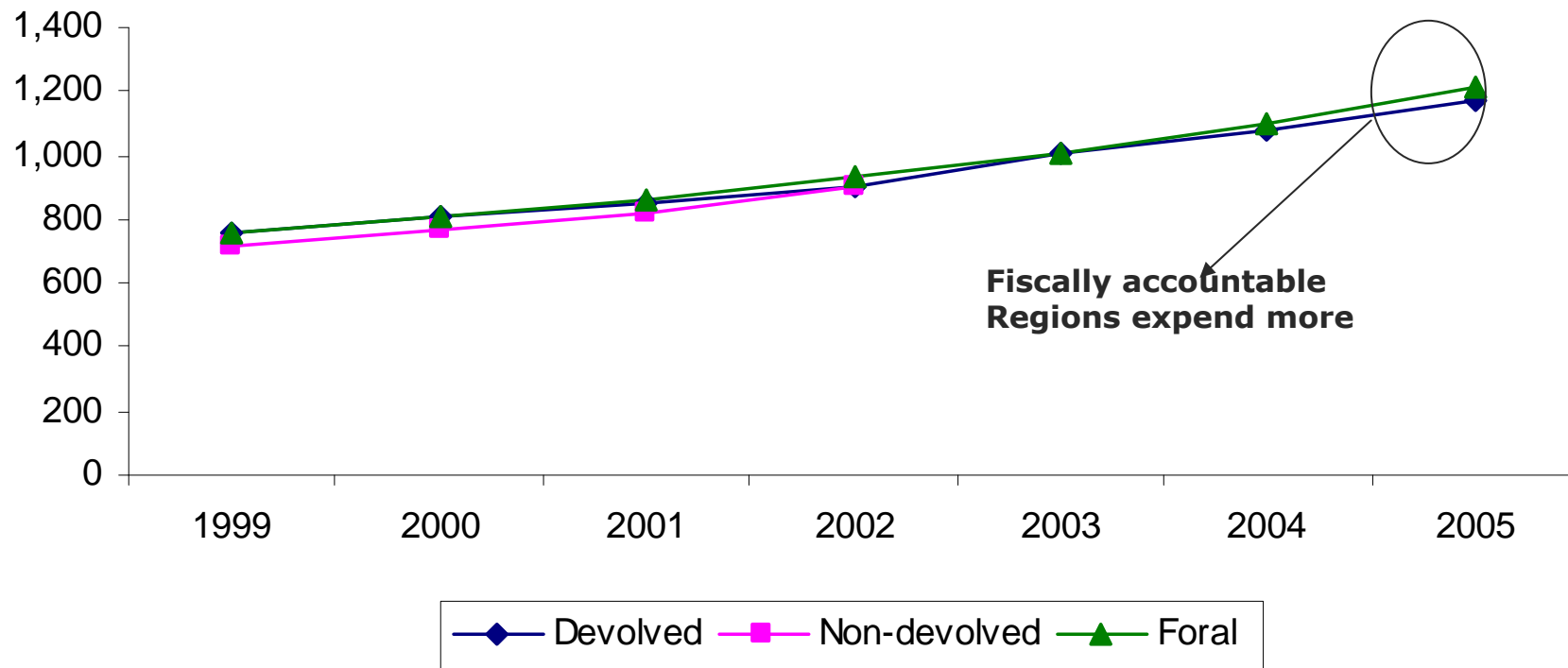
Policy innovation and diffusion in health care within Spanish region-states

Policy/Coverage expansion	First implemented	Diffused
Integration of health and social Care	Catalonia (1986)	Cantabria , Basque Country and other ACs
Dental care for children under 15	Basque Country and Navarra (1993)	Andalucia and other ACs
Right to second specialist opinion	Canary Islands (2002)	Andalucia and other ACs
Integration of primary care physicians within the NHS system	Andalucia (1990)	Andalucia and all
Private hospital care contracting –out system	Catalonia (1986)	Insalud and all
Health Technology Agency	Catalonia (1990)	Andalucia, Basque Country and others

Regional Inequalities after Devolution



Race to the Bottom? Effects on Expenditure

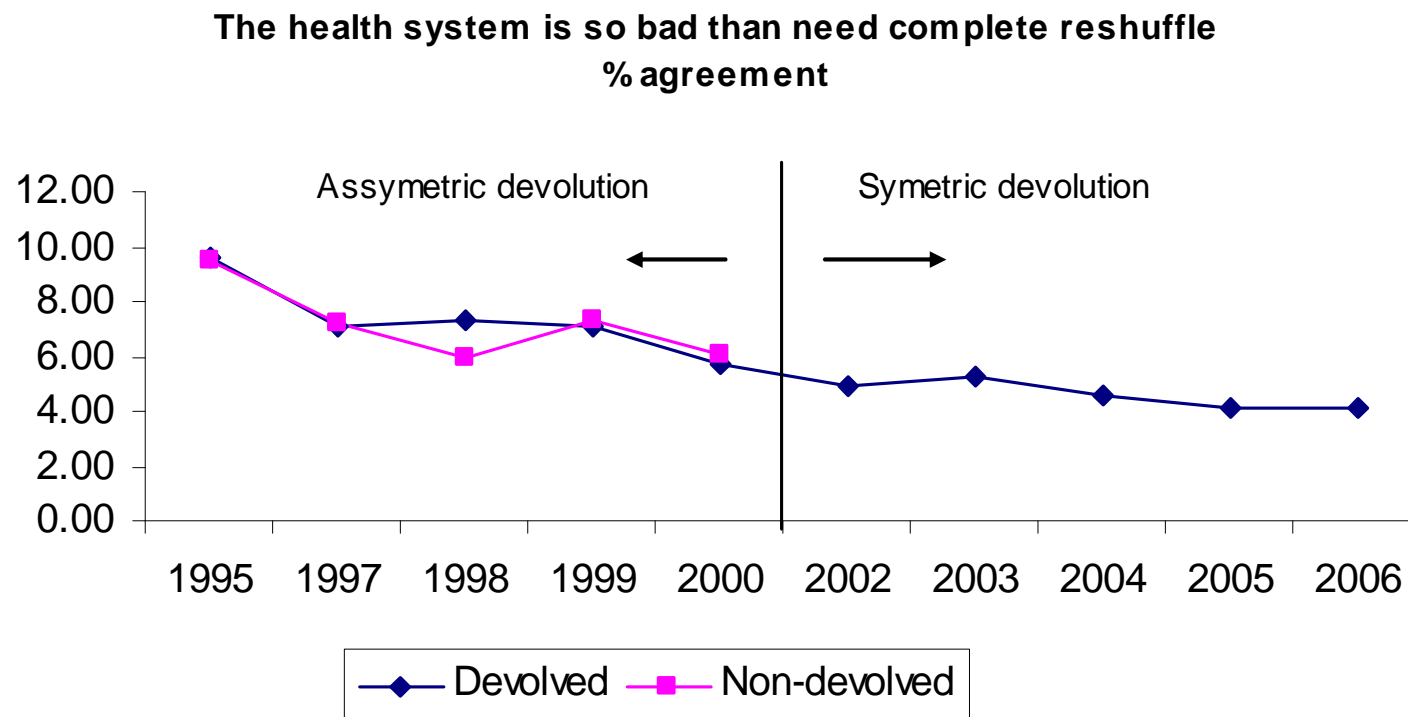


[Data

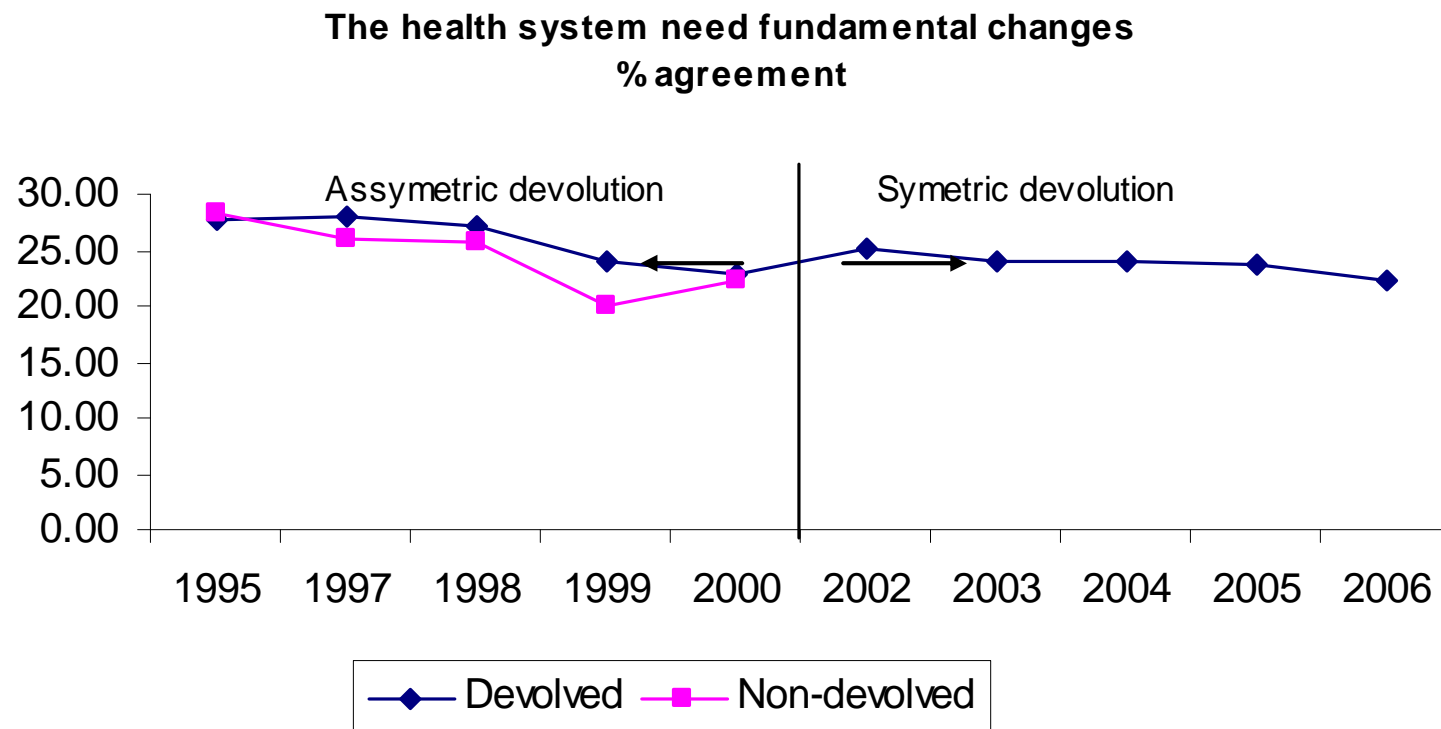
- Representative Data on from the Spanish Ministry of Health www.msc.es
- Health System Satisfaction: Likert Scale Variant whereby individuals are allowed to state from a set of responses which one meets better their attitudes
- *Question: Whith wich of the following sentences you would define your views regarding the health system?*

Response :the health system works very well/the health system works well but needs changes/the system needs fundamental changes/ the system needs a total reshuffle

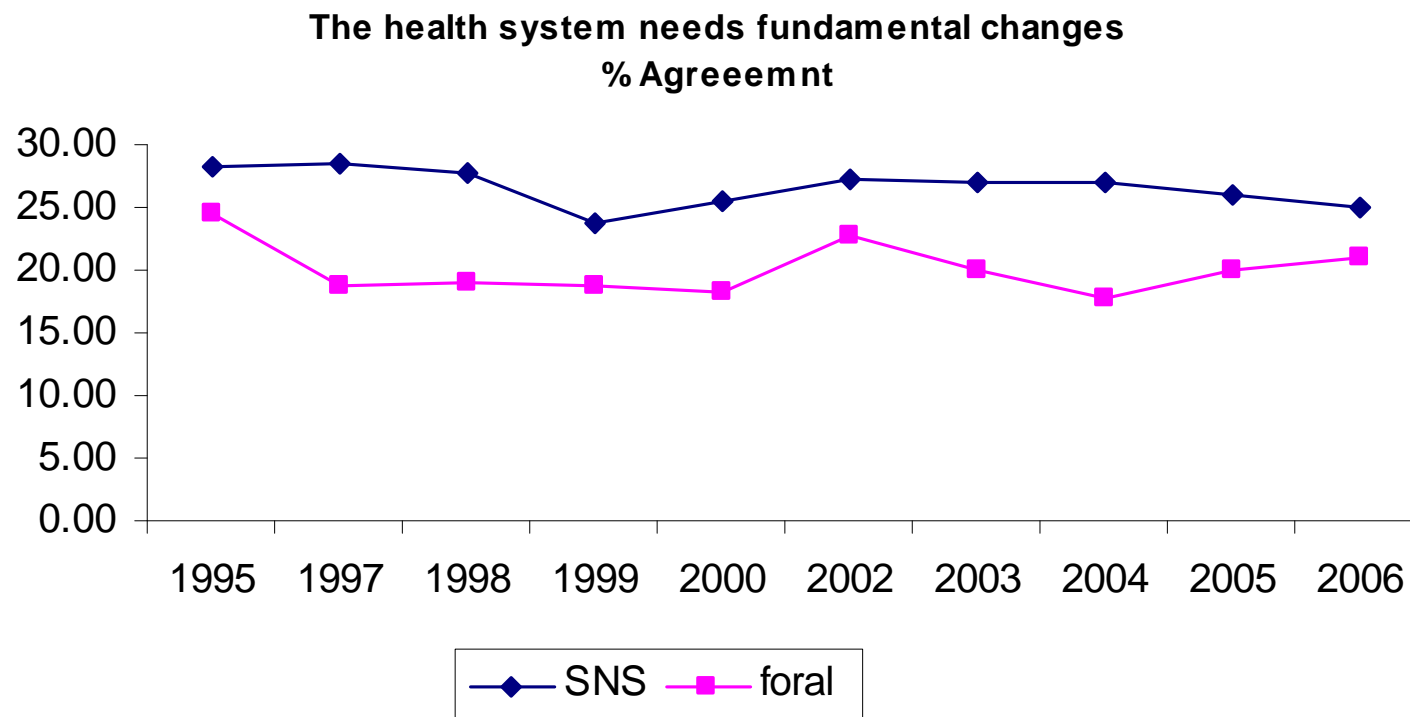
[Preliminary evidence (1)]



[Preliminary evidence (2)]

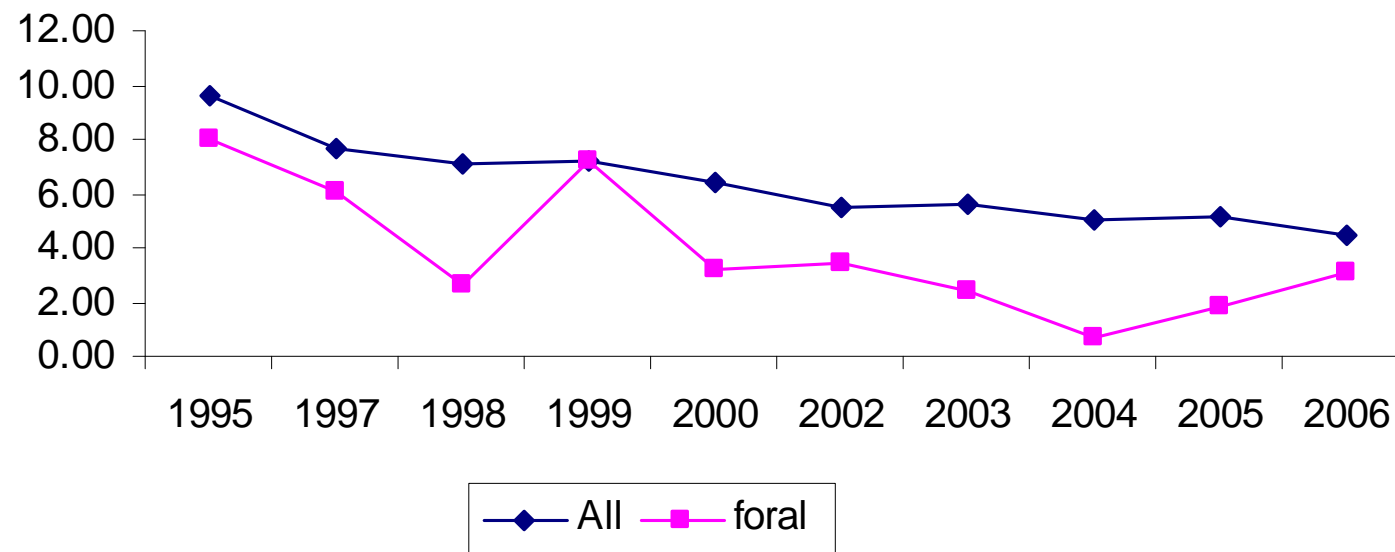


[Preliminary evidence (3)]



[Preliminary evidence (4)]

The health system need a total reshuffle
% agreement



[Strategy]

- Regions got health care responsibilities at **different points of time**
 - First wave: Regional parliaments in the seven regions that were empowered with health care responsibilities enjoyed large legislative capacity between 1980-1994
 - Catalonia was completed in 1981, followed by Andalusia (1984), the Basque Country and Valencia (1988), Galicia and Navarre (1991), the Canary Islands (1994)
 - Second wave: completion in 2002
- Distinguish **political** (dummy for region with responsibilities) and **fiscal responsibilities** (% devolved taxes)
- Intensity (of treatment)
Number of years of health care responsibilities

Main specification

- Difference in difference:
- $y_{ijm} = \alpha + I_{ijm}\beta + \gamma_j + \delta_m + X_{ijm}\mu + \varepsilon_{ijm}$
- y_{ijm} indicates satisfaction response i , from region j from period m
- I_{ijm} is the length of exposure to decentralisation.
- X_{ijm} is a vector of regional-level control variables, including fiscal accountability, migration rate
- γ_j regional income; δ_m region fixed effects

Results on “health system needs fundamental changes”

	Coeff	Ste	Coeff	Ste
Timedesc	-0.35	0.13	-0.52	0.14
Feral	-0.024	0.004	-0.11	0.025
Population	Yes		Yes	
GDP	No		No	
Fixed eff	No		Yes	
F	15.1		33.1	
R	0.11		0.8	

Results on “Health System needs total reshuffle”

	Coeff	Ste	Coeff	Ste
Timedesc	-0.11	0.04	-0.35	0.1
Foral	-0.0024	0.0004	-0.086	0.023
Population	Yes		Yes	
GDP	No		No	
Fixed eff	No		Yes	
F	11.3		17.9	
R	0.09		0.54	

Conclusion and future work

- **Devolution does not increase regional equity and brings policy innovation to the system**
- **Devolution might have a an effect on non clinical dimensions of the health system**
 - However some effects on non clinical outcomes are conveyed through **fiscal decentralisation rather than the transfer of political responsibilities**